



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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November 16, 1999

CERTIFIED RETURN RECEIPT

P 074 976 784

Mr. Stephen E. Flechner, President and CEO
North Lily Mining Company
1800 Glenarm Place, Suite 210
Denver, Colorado 80202

Re: Finding of Non-Compliance, Results of Meeting with North Lily Mining Company,
Tintic Project, M/023/007, Juab County, Utah

Dear Mr. Flechner:

This letter is a follow up to our meeting of November 10, 1999. In that meeting, you, Mr. Gene Webb, and your consultants met with our Minerals program staff and Division of Water Quality representatives regarding separate notices of non-compliance which were sent formally to North Lily Mining Company several weeks prior.

After meeting with North Lily and discussing the on-the-ground situation, I am upholding the earlier Notice of Non-Compliance sent to your office on October 12, 1999. As we discussed at the conclusion of that meeting, by 5:00 p.m. on November 22, 1999, North Lily Mining Company must:

1. Submit a detailed plan describing how the company will stabilize and maintain the site to address the Findings of Non-Compliance as outlined in the October 12, 1999 letter.

The detailed plan should address the following concerns:

- ▶ Water balance calculations that estimate the amount of water currently held in the heap and ponds. A demonstration that the ponds will adequately contain all existing solutions plus any additional draindown or runoff caused by a significant rainfall event(s) and any spring snowmelt.

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- ▶ Plans for treating and/or disposing of the process water pond solutions presently contained in the ponds. A plan for correcting the structural integrity of the pond and pad liners to allow continued use, or an alternate plan for collection, storage and treatment of these solutions.
2. Clean up the site to dispose of miscellaneous trash and debris, repair the pond liners in critical areas and perform appropriate ditch maintenance.

A site visit will be scheduled in early December with Division staff to inspect the clean up results as outlined above.

Please understand that the consequences of non-compliance remain as outlined in the October 12, 1999 Notice. North Lily's failure to comply with the requirements within the time frame specified in this letter will result in issuance of a formal Notice of Agency Action. North Lily may appeal this Finding of Non-Compliance, you may contact Ms. Tiffini Moss, Executive Secretary, at 801-538-5304 within 10 days of your receipt of this letter to schedule an informal conference before the Division Director. If you have any questions regarding this letter, please call me at (801) 538-5306, or Wayne Hedberg at 801-538-5286.

Sincerely,



for Mary Ann Wright
Associate Director, Mining

jb

cc: Tom Gast, EMS
Fred Pehrson, DWQ
Director, DOGM

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